



DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration
7500 Security Boulevard
Baltimore, MD 21244-1850

OCT. 9, 1998

Ms. Karen I. Squarrell
Acting Director
New Jersey Department of Human Services
P.O. Box 712
Trenton, New Jersey 08625-07 12

Dear Ms. Squarrell:

We are happy to inform you that your application, entitled "New Jersey Cash and Counseling Demonstration" has been approved as project No. 1 1-W-001 18/2 for the period October 9, 1998, to October 8, 2003. The approval is under the authority of section 1115 of the Social Security Act (the Act).

Our approval of the Cash and Counseling Demonstration (and the waivers and federal matching authority provided for thereunder) is contingent upon compliance with the enclosed special terms and conditions. The special terms and conditions also set forth in detail the nature, character, and extent of anticipated Federal involvement in this project. The award is subject to our receiving your written acceptance of the award within 30 days of the date of this letter.

All requirements of the Medicaid program expressed in law, regulation, and policy statement, not expressly waived or identified as not applicable to this letter, shall apply to the Cash and Counseling Demonstration. Subject to approval of your protocol, as described in the special terms and conditions, the following waivers are granted pursuant to the authority of section 1115(a)(1) for a 5-year period beginning October 9, 1998:

1. Statewideness 1 902(a)(1)

To enable the State to operate the demonstration within an area which does not include all political subdivisions of the State.

2. Comparability 1902(a)(10)(B)

To permit the provision of services under the demonstration that will not otherwise be available under the State Plan. Benefits (i.e., amount, duration and scope) may vary by individual based on assessed need.

3. Income and Resource Rule 1902(a)(10)(C)(i)

To permit the exclusion of payments received under the Cash and Counseling Demonstration from the income and resource limits established under State and Federal law for Medicaid

eligibility. Recipients will also be permitted to accumulate cash in a separate account for special (approved) purchases.

4. Provider Agreements 1902(a)(27)

To permit the provision of care by individuals who have not executed a Provider Agreement with the State Medicaid agency.

5. Direct Payments to Providers 1902(a)(32)

To permit payments to be made directly to beneficiaries or their representatives.

6. Payment Review 1902(a)(37)(B)

To the extent that prepayment review may not be available for disbursements by individual beneficiaries to their caregivers/providers.

Under the authority of section 11 15(a)(2) of the Act, expenditures made by the State of New Jersey under the Cash and Counseling Demonstration for the items identified below (which are not otherwise included as expenditures under section 1903) shall, for the period of this project, be regarded as expenditures under the State's Title XIX plan.

7. Expenditures to employ members of a recipient's family as caregivers.

8. Expenditures to provide non-traditional services presently not included as optional State Plan Services under Title XIX; i.e., to provide for counseling and fiscal intermediary services as a part of the demonstration design.

9. Expenditures regarding payment for the provision of services to recipients. Specifically, payment will be provided to recipients prior to the delivery of service.

Your project officer is Wayne Smith, Ph.D., who can be reached at (410) 786-6762. Your project officer is available to answer any questions concerning the scope and implementation of the project described in your application. Communications regarding the program matters, and official correspondence concerning the project (including continuation applications), should be submitted to the project officer at the following address: Center for Medicaid and State Operations, Health Care Financing Administration, Mail Stop S2-14-26, 7500 Security Boulevard, Baltimore, Maryland, 21244-1850.

We extend our congratulations on this award and look forward to working with you during the course of the project.

Sincerely,

/s/

Sally K. Richardson
Director

Enclosure

TERMS AND CONDITIONS

NUMBER: 1 1-W-OO1 18/2

TITLE: New Jersey Cash and Counseling Demonstration

AWARDEE: New Jersey Department of Human Services

MONITORING ACTIVITIES

HCFA reserves the right to withdraw waivers at any time if it determines that continuing the waivers would no longer be in the public interest. If a waiver is withdrawn, HCFA will be liable for only normal close-out costs.

During the developmental phase of the demonstration, the awardee shall develop and submit detailed plans to protect the confidentiality of all project-related information that identifies individuals. The plan, which is subject to review and approval by the HCFA project officer, must specify that such information is confidential, that it may not be disclosed directly or indirectly except for purposes directly connected with the conduct of the project, and that informed written consent of the individual must be obtained for any disclosure.

No later than 60 calendar days from receipt of this award, the awardee must provide a complete plan to phase-down and phase-out the demonstration. At a minimum, this plan must include the manner in which beneficiaries will be shifted to other sources of care or be told of the cessation of the demonstration. The awardee may not begin the delivery of services in this demonstration until this plan has been received and approved by the project officer. If assistance is needed, the project officer is prepared to discuss the expected content.

FINANCIAL REPORTING REQUIREMENTS

4. The awardee shall submit the following forms for the demonstration on a quarterly basis to the appropriate State Medicaid office.

HCFA-64.9	HCFA-64.9a
HCFA-64.9p	HCFA-64.9o
HCFA-64	HCFA-64 Certification
HCFA-64	HCFA-64 Summary

Submit only one set of HCFA-64's for the project, with the following exception. The awardee will submit two sets of HCFA 64.9's for the project: the first set of forms shall reflect expenditures by type of service for the project treatment group, and the second set of forms will reflect expenditures by type of service for the control group. Report all administrative and service expenditures allowed under the waivers approved for this demonstration. Do not include expenditures related to research and evaluation activities.

REPORTING REQUIREMENTS

The awardee shall assume responsibility for the accuracy and completeness of the information contained in all technical documents and reports submitted. The reporting requirements indicated in these Terms and Conditions are distinct from the reporting requirements necessary for project evaluation.

6. The awardee shall submit quarterly progress reports, which are due 60 days after the end of each quarter. The first quarterly report is due on March 2, 1999. The reports should include a discussion of events occurring during the quarter that affect health care delivery, quality of care, financial results, and other operational issues. An Attachment to each quarterly report shall further provide the data base information identified in Special Term and Condition (ST&C) #10.

No later than 120 days after the end of each award year, the awardee will submit a draft annual report documenting accomplishments, project status, quantitative and case study findings, and policy and administrative difficulties. Within 30 days of receipt of comments from the HCFA project officer, a final annual report will be submitted.

7. A final report should be submitted to the HCFA project officer for comments. HCFA's comments should be taken into consideration by the awardee for incorporation into the final report. The awardee should use the HCFA document Authors Guidelines: Grants and Contracts Final Reports (copy attached) in the preparation of the final report. The final report shall be submitted to the HCFA Project Officer no later than 90 days after the completion of the project.
8. The final report of the project may not be released or published without permission from the HCFA project officer within the first 4 months following the receipt of the report by the HCFA project officer. The final report will contain a disclaimer that the opinions expressed are those of the awardee and that the report does not necessarily reflect the opinions of HCFA.
9. For 2 years after completion of the project, the awardee shall notify the HCFA project officer prior to formal presentation of any report or statistical or analytical material based on

information obtained through this award. Formal presentation includes papers, articles, professional publications, speeches, and testimony. In the course of this research, whenever the principal investigator determines that a significant new finding has been developed, he or she will immediately communicate it to the HCFA project officer before formal dissemination to the general public.

DATA REQUIREMENTS

10. The awardee shall construct a data base of all participants in the demonstration, whether the individual was enrolled in the State's home and community based waiver (HCBW) or regular Medicaid personal care services program prior to enrollment in the demonstration. This data base shall at a minimum include identifying information for all participants (name, address, social security number, telephone number), participation start date, the effective date a participant no longer receives cash, the actual participation stop date (i.e., date participant ceases receiving any Medicaid personal care services or HCBW benefits), an indication of whether the participant is assigned to either the treatment or control group, an indication of whether the participant was enrolled in the demonstration as a "new" client or a "current" client for purposes of calculating the new to current dent enrollment ratio caps, aggregate monthly enrollment totals for both the treatment and control groups, total cash payments (by quarter) for those individuals within the treatment group, and claim payment amounts (by quarter) for individuals within the control group for those services that would have been used as the basis for establishing cash payments had the participant been selected as a treatment group member. The information in this data base will be used to generate an Attachment to each quarterly report (as identified in ST&C #6), providing individual-level and aggregate data for all participants in the demonstration.

The awardee will designate at least one individual and one alternate who will be responsible for the accuracy of this data base. The State will provide the names and telephone numbers of such designated individuals (and any successors, as appropriate) to the HCFA project officer. Such designated individuals must be available on demand to properly authorized HCFA and SSA officials to provide beneficiary participation data when requested.

11. At any phase of the project, including at the project's conclusion, the awardee, if so requested by the project officer, shall submit copies of analytic data file(s), with appropriate documentation, representing the data developed/used in end-product analyses generated under the award. The analytic file(s) may include primary data collected, acquired or generated under the award and/or data furnished by HCFA. The content, format, documentation, and schedule for production of the data file(s) will be agreed upon by the principal investigator and the HCFA project officer. The negotiated format(s) could include both file(s) that would be limited to HCFA internal use and file(s) that HCFA could make available to the general public.

OTHER REQUIREMENTS

12. The State agrees that it will comply with all applicable Federal statutes relating to nondiscrimination. These include, but are not limited to: the Americans with Disabilities Act, Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975. As part of the review of the protocol that the State is required to submit, the Department of Health and Human Services will examine the State's proposed operational procedures to ensure their consistency with the requirements set forth in the above Federal statutes.
13. Within 30 days of the date of approval, the State shall develop and submit a detailed schedule depicting milestone activities (including sub-tasks), project reports, and deliverables to be completed during the demonstration (including both the pre-implementation and implementation periods). The State must provide adequate assurances that all preliminary milestone activities (i.e., during the pre-implementation period) will be completed prior to the project's implementation period.
14. The State shall prepare an "Operational Protocol" that details the management and operational features of the demonstration, expanding on the proposal and incorporating activities and decisions made during the developmental phase of the demonstration. The protocol must be submitted and approved by the HCFA project officer before implementation of the demonstration. HCFA shall provide preliminary review and comments on the proposed operational protocol within 60 days of receipt. The protocol shall detail:
 - the State-specific operational design of the demonstration (including an indication of the amount of time treatment group members will be receiving cash payments); the randomization procedure to be used to assign demonstration participants to treatment and control groups;
 - assignment of oversight and management responsibilities, ongoing monitoring tasks, and State personnel responsible for specific oversight functions;
 - provisions for making State contacts available to properly authorized HCFA and SSA officials to confirm beneficiary participation data when requested; mechanisms the State will utilize to assure that the care needs of vulnerable populations participating in this demonstration (i.e., the elderly and disabled) are satisfied, and that funds provided to these beneficiaries are used appropriately; provisions for determining participant eligibility;
 - enrollee grievance and appeal rights;
 - description of the State's relationships and arrangements with organizations providing enrollment/assessment, counseling, and fiscal intermediary services; service delivery plan;

- financial management plan;
- marketing strategy, and provisions for enrollee education; provisions for enrollment and disenrollment;
- description of the proposed payment methodology, including a delineation of services to be cashed out, algorithm(s) used to establish payment amounts, and mechanisms to be used to review and adjust payment amounts as the need arises;
- quality assurance plan;
- data collection and reporting plan, and associated requirements for participating service providers (i.e., counseling and fiscal intermediary services); and phase-down plan.

15. The State will request modifications to the demonstration by submitting a written request, with a detailed justification, to HCFA for approval. All desired modifications are to be submitted to HCFA at least 90 days prior to the proposed date of implementation of the change.
16. Prior to project implementation (and as a part of the Operational Protocol), the State shall develop a quality assurance plan for this project which provides for an annual survey for participating providers (i.e., counseling services, and fiscal intermediary services), as well as satisfaction surveys for participating beneficiaries. The proposed satisfaction surveys will be reviewed and approved by the HCFA project officer. The State shall also designate a single staff member (or a very limited number of staff members) for demonstration participants to contact with specific issues/concerns.

The quality assurance plan developed shall demonstrate a Continuous Quality Improvement focus, and shall require the State to undertake a specific Corrective Action Plan (CAP) when deficiencies are identified, or when client surveys reveal potential problems. In addition, annual quality assurance reports will be prepared and submitted to the HCFA project officer.

17. The State and its subcontractors shall agree to participate in an independent evaluation of the project. The State shall provide, at no cost to HCFA, historical data and data throughout the demonstration, including individual level data for both demonstration participants and non-participants, as specified by HCFA (in consultation with the project evaluator).
18. As a part of the enrollment process, the State will obtain signed informed consent from beneficiaries who wish to participate in this demonstration project. Such informed consent will assure that enrollees are aware of: (1) the voluntary nature of their participation in the demonstration; and (2) how the provision of health care will be modified as a result of the demonstration design. The State may include such necessary information on an enrollment form. Forms used for this purpose must be reviewed and approved by the HCFA project officer.

19. Prior to the beginning of the demonstration's operational phase, the State must submit evidence that there are a sufficient number of duly qualified counselors and fiscal intermediary organizations available to adequately serve the number of individuals expected to enroll in the project. No FF1' will be provided for services received under this demonstration until HCFA supplies written approval that such provider capacity is acceptable.
20. Using State guidelines on readability and accuracy, the State will approve all direct marketing material used to enroll Medicaid clients before such marketing materials are disseminated under the demonstration. Such marketing guidelines shall require that all written material be understandable at a 5th or 6th grade reading level, and that an alternative format (i.e., other than written material) be made available to Medicaid clients. Direct marketing material is defined as marketing materials in all media, including brochures and leaflets, newspaper, magazine, radio, television, billboard, and yellow page advertisements, and presentation materials used by marketing representatives. In addition, it includes State-developed materials mailed to, distributed to, or aimed at Medicaid recipients, and any material that mentions (in relation to this demonstration project) Medicaid, Medical Assistance, Title XIX, SSI, Supplemental Security Income, benefits from 554, or Social Security. HCFA reserves the right to review copies of State marketing materials and to require modifications prior to dissemination if deemed necessary.

The primary purpose of this project is to evaluate the efficacy and feasibility of cash payments for specified services as part of an independent care model. This demonstration has therefore been designed to assist individuals who are capable of directing their own care. However, individuals not capable of directing their own care will not be deliberately excluded from participating in the demonstration. Specifically, persons who require the assistance of others for care planning, or for whom authorization for care must be obtained from a proxy (e.g., a parent or legal guardian/representative) will not be excluded from program participation.

Cash payments provided under this demonstration program are not intended to pay for or supplant informal care services that have routinely and previously been available to project participants. Such ongoing informal care services will be identified as a part of each participant's service plan.

BUDGET NEUTRALITY REQUIREMENTS

The following describes the method by which budget neutrality will be assured under the State of New Jersey's section 1115 waiver project, "New Jersey Cash and Counseling Demonstration." There will be no limit on the number of Medicaid clients who may be enrolled in the demonstration. However, the ratio of "new"-to-"continuing" Medicaid

personal care services or home and community-based waiver services clients who enroll in (i.e., join) the demonstration in the State of New Jersey may not exceed .68. The ratio of new-to-continuing clients will be enforced on an annual basis. New clients will be defined as Medicaid eligibles who, regardless of whether or not they were already enrolled in the Medicaid program, began receiving Medicaid-financed personal care services upon enrollment in the demonstration. "Continuing" clients are defined as those who were already receiving Medicaid-financed personal care services or home and community-based waiver services prior to enrolling in the demonstration (i.e., received services within the 12 months preceding enrollment). Both new and continuing clients who enroll at any point during the demonstration will be randomly assigned to the treatment and control groups without regard to their personal care use history.

The State and the evaluation contractor will monitor the ratio of new-to-continuing clients enrolled in the demonstration every 3 months. If the maximum ratio of new-to-continuing clients exceeds the limit at these monitoring points, the State will cease enrolling new clients until the ratio of new-to-continuing clients returns to the level of .68 or less. If New Jersey exceeds the maximum ratio of new enrollees to continuing users at the end of the first year of enrollment, HHS may choose to end the demonstration. If New Jersey continues enrollment during the second year of the demonstration and exceeds the maximum ratio at the end of the second year of enrollment, HHS may choose to end the demonstration.

New Jersey will be subject to a limit on the amount of Federal Title XIX funding that the State may receive on Medicaid treatment group expenditures for core demonstration services during the waiver period. These core services, which will include those services that could be received in a home or community setting, and that could be affected by the use of cash payments under the demonstration design, will be identified as the following service categories appearing on the Form HCFA-64.9: Item 12. Home Health Services; Item 19. Home and Community-Based Services; Item 23. Personal Care Services; Item 24. Targeted Case Management Services; Item 26. Hospice Benefits; and Item 29. Other Care Services (to include the subsets of Non-Emergency Transportation, and Durable Medical Equipment). The expenditure limit for participants in the treatment group will be established retrospectively by reviewing the average per capita Medicaid expenditures of the above categories of expenditures for the demonstration's control group for a concurrent period. Participants in the control group will continue to receive identified Medicaid services as usual under either the State Plan or other existing Medicaid waiver program (e.g., a Medicaid Home and Community Based Waiver Program). The State will be at risk for treatment group expenditures that exceed the previously identified payment limit.

Expenditure Review -- HCFA shall enforce budget neutrality over the life of the demonstration, rather than on an annual basis. However, upon receipt of the State's submission of HCFA-64's for this project, the Health Care Financing Administration will compare actual federal financial participation (FFP) claimed by the State for control group

demonstration participants to FF1' claimed for treatment group participants. Using the schedule below as a guide, if the State's average per capita treatment group expenditures exceed average per capita expenditures for the control group (i.e., expenditures in the absence of the demonstration), the State shall submit a corrective action plan to HCFA for approval. The State will subsequently implement the approved program. For example, if in Year 01 of the demonstration, the State exceeds the Year 01 budget neutrality cap by more than eight percent, the State must submit a corrective action plan.

Demonstration Year	Cumulative Average Per Capita	Expenditures for Years in the Demonstration	
Year 1		Year I	8 percent
Year 2		Years 1 and 2 combined	3 percent
Year 3		Years 1 through 3 combined	1 percent
Year 4		Years 1 through 4 combined	0.5 percent
Year 5		Years I through 5 combined	0 percent

TERMS AND CONDITIONS APPLICABLE TO HCFA AWARDS

This grant/cooperative agreement incorporates the following terms and with the same effect as if they were given in full text.

92.30

92.34

92.43

92.44

92.50

conditions by reference

45 CFR Part 92 Terms and Conditions Incorporated by Reference Changes

Copyrights

Enforcement

Termination for Convenience

Closeout

Public Law 103.333 Department of Labor, Health and Human Services, Education, and Related Agencies
Appropriations Act of 1995

Section 507 Section 508

To the greatest extent practicable, all equipment and products purchased by the awardee and its subcontractors, with Federal and matching funds, should be American-made.

The awardee, when issuing statements, press releases, requests for proposals, bid solicitations, and other documents (including reports, published articles, findings and other results) concerning this project, shall clearly state (1) the percentage of the total cost of the project financed with Federal money, (2) the dollar amount of Federal funds for the project, and (3) the percentage and dollar amount of the total costs of the project financed by nongovernmental sources.